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Near Middle East
1947 - 1948

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Dear Bill:

I appreciate very much your courtesy in sending me the memorandum enclosed with your letter of January 5. I have read that memorandum and have passed it around to the members of the Staff.

Sincerely yours,

George F. Kennan
Director, Policy Planning Staff

Mr. William A. Eddy,
Arabian American Oil Company,
Shoreham Building,
Washington 5, D. C.

C-S

S/P:CSavage:jam
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A true copy of the signed original

Mr. Savage + other staff members

ARABIAN AMERICAN OIL COMPANY

SAN FRANCISCO, CALIFORNIA

ADDRESS REPLY TO
SHOREHAM BUILDING
WASHINGTON 5, D. C.

January 5, 1948

POLICY PLANNING STAFF Ready CS 1/24/48
JAN 6 1948
Department of State

Mr. George F. Kennan
Director of Policy and Planning Board
Department of State
Washington, D. C.

Dear George:

Following a request made by Carlton Savage, I am sending you my revised summary and estimate of the Palestine situation extract from my report to the Company, dated December 31, 1947.

Sincerely yours,

William A. Eddy
WILLIAM A. EDDY

Enclosure

EXCERPT FROM REPORT OF W. A. EDDY, December 31, 1947.

. . . . . (8) Overshadowing all other matters is the adverse effect on Aramco and Tapline of The Pro-Zionist Policy of the United States Government, which has officially favored the establishment of a Zionist State in Palestine, has pressured other UN nations to vote for the partition of Palestine, and which is now said to be considering Zionist appeals to finance and arm the Jews against the Arabs in Palestine. This is the subject of numerous reports listed in Appendix "B".

To summarize briefly the present effect of the United States-Palestine Policy on American and Company interests in the Near East:

All Arabs resent the actions of the present United States administration as unfriendly to them, and as violating the professions which the United States Government has made in the United Nations Charter, and in many other declarations in favor of the freedom of small nations to determine their own life without coercion and intimidation.

The prestige of the United States Government among the Arabs has practically vanished, while that of Britain has greatly increased.

Popular Arab resentment against the United States is at present greater than fear or dislike of the U.S.S.R. Both are considered to be willing to disregard, cynically, Arab rights, but unlike the U.S.S.R., the United States Government has preached international justice and self-determination. Furthermore, the United States Government appears to the Arabs to be an eager and friendly partisan of the Zionists; whereas, the U.S.S.R. is considered to be equally indifferent to Arab or Zionist survival, and therefore, being wholly opportunist, the U.S.S.R. is currently thought to be more accessible to a deal whereby they might be induced to protect the Arabs of Palestine in exchange for air bases and warm water ports, which could be opened to them by the Arab League. The Arabs have given up hope of any change or improvement in the United States-Palestine Policy.

The Arab Governments possess evidence that the United States Government exercised economic pressure on several small states of the United Nations to cause them, against their own better judgment and wishes, to vote for the partition of Palestine. This "hostile" act of the United States Government, made known just as the Syrian Parliament was convening on November 8, 1947, caused the Syrian Government to refuse to submit the Tapline Agreement for ratification by the Syrian Parliament.

Up to date, the Arab League has rejected the proposals of fanatics, (chiefly certain politicians in Iraq and bigoted leaders of the Muslim Brotherhood) to cancel American commercial concessions in reprisal against the Palestine policy of the United States Government. This refusal by the Arab League has, however, already been modified by the Syrians in their unwillingness to ratify the Tapline Agreement. If this Agreement should not be ratified, the pipeline could not be constructed.

Highly placed Arabs, including Prince Faisal of Saudi Arabia and Azzam Pasha, Secretary-General of the Arab League, have stated that any move by the United States Government to arm the Jewish State against the Arabs would make it impossible for any Arab Government, including that of Saudi Arabia, to maintain the distinction between their American friends and partners on the one hand, and an unfriendly United States Government on the other.

It is probably too late to prevent a guerrilla war between Arabs and Jews, since the Arabs will not acquiesce in the establishment, on Arab soil, of an independent Jewish State. Military and political observers in a position to know make the following estimate of the military prospects, in which I concur.

(a) No open violence by the Arabs until the British lay down the mandate for Palestine and withdraw their troops. Under the wise leadership of Assam Pasha, the Arab States will hold their fire for the single target of the Zionists and will not provoke conflict with any major power.

(b) If British troops are replaced for a period of time by troops of other major powers, the Arabs will await the withdrawal of these forces before attacking the Zionists.

(c) Whenever the Zionist State is declared independent and left to take care of itself, the Arab-Jewish war will begin. This might be a blood bath next May or it might be a long guerrilla war of attrition lasting many years. In any case, the Arabs will never accept a Jewish State in Palestine.

(d) To prosecute their war the Arabs will use an irregular force of militia of whom 15,000 are already trained and within Palestine, and many others still being recruited; the Arab majority of the present Palestinian police, which will be discharged from its duties when the British mandate comes to an end; and troops from neighboring Arab countries which will enter Palestine whenever it is necessary to protect the Arabs of Palestine against Zionist aggression.

The future of American and Company interests in Arab countries rests with the United States Government in Washington rather than with Arabs or Zionists. If the United States Government from now on remains neutral, or acts only as is required of it as a member nation of the United Nations, the Arabs will concentrate on the Zionists as their targets; then American political and commercial interests have a good chance to survive. If, on the other hand, the United States Government should unilaterally go to the limit in support and defense of a Zionist State, to finance, arm, and furnish troops for the Zionists against the Arabs, the following consequences may be expected.

(a) American individuals and companies will be considered as enemies and will be attacked.

(b) American schools and universities will be forced to close.

(c) American commercial concessions may be cancelled and their property expropriated.

(d) The present Jewish Colony in Palestine, numbering 700,000, formerly accepted by the Arabs, will become targets of Arab military action, which would include the objective of driving all Jews from Palestine.

(e) Jews in other countries outside of Palestine, numbering 500,000, hitherto comparatively safe, will be attacked.

(f) American personnel in Arab countries would have to be evacuated.

(g) The United States would be deprived of friendly bases for potential use by our Armed Forces, from the southern frontier of Turkey to Pakistan.

In conclusion, the Pro-Zionist Policy of the United States Government is of direct concern to at least four interested parties: the Jews, the Arabs, the United States interests in the Near East, and Russia. Of these four, the Jews are certain, ultimately, to lose their foothold in Palestine and to suffer from widespread anti-Zionism and the shedding of much Jewish blood throughout the entire Near East. The Arabs would suffer from the effects and cost of war, the shedding of much Arab blood, the disruption or disturbance of economy in Arab lands. The United States is jeopardizing the good will of 30,000,000 Arabs and 220,000,000 Muslims, risking the loss of its cultural and educational leadership in that part of the world, the sacrifice of many hundreds of millions of dollars of investments by the United States citizens in enterprises which were undertaken in full partnership with the Arabs of the Near East, and the strategic loss of access to air and naval bases throughout the entire Muslim world. Of the four interested parties, only Russia stands to gain. It is now well known throughout the Near East why Russia supported the partition of Palestine, (and was glad to see the United States Government committed to the forced establishment of a racial state) into which she is already pouring Communist immigrants; a Jewish State will serve as a precedent, which the United States will be bound to concede, as Russia proceeds to set up puppet states of Armenia, Kurdistan, and probably other racial minorities which can be made into Communist puppets of the U.S.S.R.

Our best hope is that the United States Department of Defense, already deeply concerned over the consequences of military action against the Arab World, will advise successfully against arming the Zionists. Aramco and Tapline, in my opinion, should give all the facts to the Department of Defense before it is too late.

W. A. EDDY